



# Workforce and Economic Development

## AN AGENDA FOR MISSOURI'S WORKFORCE INVESTMENT SYSTEM

*"America's economic future depends on the strengths of our workforce. Our businesses need skilled workers to continue producing goods and services marked by innovation, knowledge and quality – characteristics that give U.S. firms a competitive edge in the global marketplace. If we are to sustain the advantage, we must build a workforce enterprise that: improves the productivity and competitiveness of all workers and employers; builds the skills needed for quality jobs; supports workers in managing their careers; and is supported by public and private investment"*

### Missouri Training & Employment Council

The Council serves as Missouri's workforce policy-making body and is composed of people from business, labor, education, government, and private citizens. The Council develops workforce investment system policies, plans and standards that promote best practices and ensure public accountability.



Missouri Career Centers provide an integrated array of high quality services, helping employers find skilled workers and individuals find training and employment.



### National Governors Association

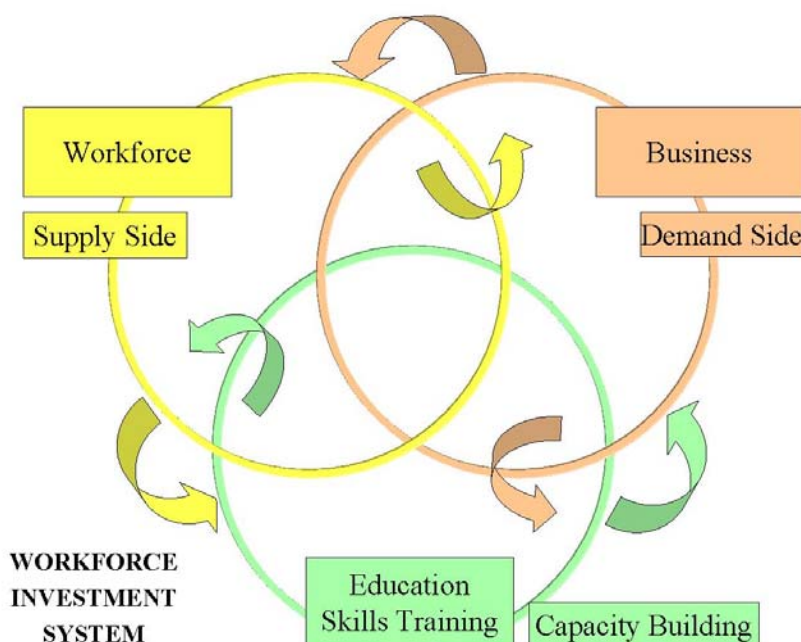
The NGA Center for Best Practices helps states develop policies and innovative solutions.

Missouri's \$1.8 billion workforce investment system is complex, encompassing 59 programs and numerous state and local agencies/resource providers. The centerfold schematic summarizes the system's programs, funding sources and customers. Many of these programs are federally funded and categorical in nature, resulting in complexity. However, the manner in which Missouri citizens and businesses access programs does not have to be complex. To design effective reform initiatives, it is important to define the state's workforce investment system, understand the relationships among its key sectors, and identify the best practices that will result in better outcomes for students, job seekers and businesses.

### Workforce Investment System Sectors

The three major sectors of the workforce investment system are workforce (supply), business (demand) and education/training (capacity building). Workforce investment system policies, plans and standards must bridge the gaps and strengthen the interdependence between system sectors to ensure growth in Missouri's human capital, and thereby growth in Missouri's economy.

**Workforce:** Missouri's workforce includes people who are working in the private, public and volunteer sectors, as well as youth and adults who are preparing to enter the workforce. **Investment:** Business and government invest in both human capital and the workforce investment system in anticipation of producing a benefit (a return on investment). **System:** Nationally, the most effective systems are those that create an integrated continuum of education, training and employment services, and make customer focused policy and operational decisions based on accurate and timely data.





**Governor Holden calls for a report on *The State of Missouri's Workforce*.**

**Quality customer service can be best achieved through community-based decision making.**

**Quality K-16 education is the foundation of MISSOURI'S economic competitiveness.**

**"Within eight years, the mathematics test scores of MISSOURI students will be the highest in the nation."**  
Governor Holden

**Powerful pilot business/education partnerships are creating innovative ways to educate and motivate MISSOURI students to higher performance.**

## ✓ Provide Leadership and Strategy

**Leadership:** The Governor has called upon the Missouri Training and Employment Council (MTEC) to assess the workforce investment system; publish the *State of Missouri's Workforce* report; and develop systemic policies, plans and standards that promote best practices and ensure public accountability. The Council and the state's network of Regional Technical Education Councils (RTECs) will work with business, labor and education to identify common sets of essential and technical skills required for effective work in major occupational and industry clusters.

**Strategy:** Full integration of workforce and economic development functions will result in better outcomes for students, job seekers and businesses and will be evidenced by an increase in market share for the public workforce investment system. Achieving full integration will require excellent working relationships among state departments, local workforce investment boards, career centers, as well as educational and community-based service delivery systems. Quality customer service can be best achieved through community-based decision making that is based on timely labor market information.

## ✓ Connect Students to Careers

Quality K-16 education is the foundation of a state's economic competitiveness. Literacy is a prerequisite for gainful employment. Missouri's K-12 public school districts spend approximately \$6.9 billion annually to provide educational services to more than 893,000 school children.

Missouri's Show-Me Standards have set benchmarks for students' knowledge, skills and competencies and the Missouri Assessment Program (MAP) tests measure student performance. MAP test results show that many school districts equip students with the knowledge and skills needed for promising careers and high wage jobs. However, some school districts are lagging in a number

of progressive communities, powerful business/education partnerships are creating innovative ways to educate and motivate students to higher performance. These successful initiatives must be implemented in the lagging school districts.

The Missouri Mathematics Academy is an innovative approach to improving students' skills in real-world situations. This two-year in-service training Academy equips middle-school mathematics teachers with advanced algebra and geometry teaching methods. Governor Holden has set a high standard for this initiative: "Within eight years, the mathematics test scores of Missouri students will be the highest in the nation."

Whether through effective business/education partnerships, performance testing, innovative capacity building, career academies, or promoting literacy, Missouri must be more effective at equipping students with the knowledge and skills needed to compete in the workplace. Building effective bridges between our students and good Missouri jobs is vitally important.

## ✓ Invest in New Skills

For Missouri to achieve a competitive advantage in today's increasingly global economy, businesses and the workforce must be transformed.

To expand market shares and be competitive in the marketplace, Missouri businesses must act strategically by implementing "best practices" in product development, marketing and e-business development. Manufacturing and distribution systems must focus on lean enterprise techniques, supply chain integration and quality control.

Human capital is an essential asset for all sectors of today's knowledge-based economy. New technologies demand new and constantly evolving skills. If Missourians enhance their skills and adopt a life-long learning life-style their quality of life will improve. A highly skilled workforce will result in Missouri's economy being highly competitive.

The highest return on investment of public funds comes from targeting new and growing economic clusters. Given this fact, what will be government's role?

**MISSOURI'S system reforms are focused on improving outcomes for students, job seekers and businesses.**

**MISSOURI must be more effective at equipping students with the knowledge and skills needed to compete in the workplace.**

**MISSOURI Career Centers will be proactive in referring people to vocational education training and community colleges.**

**MISSOURI will use supply and demand gap analyses to direct education and training dollars to targeted industry clusters and cross-industry occupations.**

**To be competitive, MISSOURI'S investment in targeted skill-based training must increase.**

**MISSOURI'S integrated workforce investment system will measure its performance against national best practices.**

**MISSOURI will ensure accountability by publishing an annual Workforce Investment System Performance Scorecard.**

1. Missouri government will be a catalyst for creating productive partnerships that focus on identifying a common set of essential and technical skills needed by business. A portable certification system will be established that meets business standards and allows youth and adult learners to demonstrate their knowledge and skills.

2. Missouri government will collaborate with Workforce Investment Boards, Regional Technical Education Councils and Missouri Employer Committees, to conduct supply and demand gap/surplus analyses for each of the fourteen workforce investment areas. This analysis will identify the skills needed for locally targeted industries and provide a foundation for local policy and operational decisions.

3. Local educational institutions will be provided the set of essential and technical skills needed by business and industry, as well as results from their local supply and demand gap analysis. This information can be used to design curricula and counsel students regarding their career choices. In addition, Missouri Career Centers will proactively refer people to vocational education training and community colleges.

4. To maintain a skilled and competitive workforce, Missouri must increase its investment in targeted skills-based training. Missouri's two customized training programs have effectively targeted new economy industries and provided skills-based training. Other states are dramatically increasing funding of training programs. Missouri must respond to remain competitive.

1. *A Governor's Guide to Creating a 21st - Century Workforce*. National Governors Association.
2. *Workforce Investment Act: Better Guidance Needed to Address Concerns Over New Requirements*, GAO Report to the Congress, October 2001.
3. Clymer, Carol, Roberts, Brandon, Strawn, Julie. *States of Change*, public/Private Ventures, may 2001.

## ✓ Improved Customer Outcomes Through Integration

The 1998 Workforce Investment Act (WIA) envisioned a fully integrated workforce investment system that responds to regional labor markets, employer requirements and the skills-based training needs of individuals. States willing to invest in the development of an educated/skilled workforce compete more effectively in the marketplace and have stronger economies. Utah, Michigan and Indiana have reengineered (integrated) their workforce, education and welfare program delivery systems.

Recognizing the close relationship between workforce development and economic development, in 1999 Missouri created a new Division of Workforce Development within the Department of Economic Development. This reorganization allowed Missouri Career Centers to take a predominate role in integrating workforce development, economic development, education/training and welfare programs.

Missouri's system reforms are focused on improving outcomes for students, job seekers and businesses by implementing best practices, reducing cycle-time, and eliminating duplication. The following are examples of the work currently underway:

- Missouri is one of six states participating in the National Governors Association Workforce Policy Academy, developing a comprehensive plan of strategies across workforce, education, welfare and economic development systems.
- To ensure timely reemployment of unemployment insurance claimants, the Divisions of Employment Security and Workforce Development are integrating the databases of the unemployment benefit system and the Missouri Career Centers and establishing a highly responsive job referral system.
- To increase the number of people referred to job openings and improve the



job retention rate, the Divisions of Family Services and Workforce Development are integrating services to Temporary Assistance for Needy Families (TANF) benefit recipients.

- To improve the delivery of labor market and educational/training information to students, job seekers and businesses, Missouri is evaluating the benefits of merging the resources of the Missouri Occupational Information Coordinating Committee (MOICC) and the Missouri Economic Research & Information Center (MERIC).
- To reduce duplication and confusion among customers, further dialog needs to take place between the Departments of Economic Development and Elementary and Secondary Education regarding integration of the customized training programs into one service delivery system.

## ✓ Measure What Matters

The Governor has challenged us to improve system performance and maximize the impact of limited public resources. Missouri's strategy will be to use supply and demand gap analysis to direct education and training dollars to targeted industry clusters and cross-industry occupations.

Since 1997, Missouri has tracked a common set of measures to assess system performance. Now these measures are being broadened to include job order cycle-time, market penetration and return on investment. To assess overall system performance and the economic impact of system investments, the Missouri Training and Employment Council, in partnership with stakeholders, will publish a *Workforce Investment System Performance Scorecard*.

To ensure accountability for customer outcomes, Missouri's integrated workforce investment system will measure its performance against national best practices (performance targets) and the Council will proactively showcase system outcomes.

## ✓ Next Steps In Intelligent Welfare Reform

Missouri's welfare reform focuses on responsibility, opportunity and work leading to self-sufficiency. Welfare rolls have declined by 132,658 people or 51.3% (from 259,039 in 1993 to 126,156 in 2002). While this reduction is significant, in July of 2002 approximately 1,182 benefit recipients reached their 60-month lifetime limit for Temporary Assistance for Needy Families (TANF) cash assistance.

The *Personal Responsibility and Work Opportunity Reconciliation Act of 1996* placed a strong emphasis on employment. However, simply moving a person off the welfare rolls and into minimum wage jobs will not provide them with a self-sufficient wage. Nor does this approach provide the skilled workers needed by Missouri businesses.

Missouri's welfare reform goals include helping welfare recipients acquire the essential and technical skills needed to prepare for a career and command a self-sufficient wage. However, the lack of healthcare, childcare, transportation, affordable housing and basic education continue to be significant barriers to sustained employment. Therefore, steps must be taken to fully integrate support, training and employment services. Missouri must balance the "work first" requirements and the individual's need to be educated or trained sufficiently to ensure credible job performance.

## ✓ Conclusion

Missouri can overcome the complexity of the workforce investment system; improve the outcomes for students; job seekers and businesses; and provide a better return on the \$1.8 billion invested in the system.

Promoting literacy and life-long learning, connecting students with good career choices, and educating/training to meet the essential and technical skills needed by industry will provide a solid foundation for Missouri's fully integrated workforce investment system. Intelligent welfare reform will help individuals acquire the skills that will command self-sufficient wages in the marketplace. Measuring outcomes important to students, job seekers and businesses, and reporting them in a public scorecard will ensure accountability.

The Missouri Training and Employment Council will develop systemic policies plans and standards; promote best practices; and provide system performance information to the Governor, the General Assembly, and Missouri citizens.

Missouri is committed to investing in human capital because effective workforce development results in strong economic development. Investment in human capital will provide Missouri a competitive advantage in the global economy.

**For additional information, or a copy of *A Guide to Missouri's Workforce Investment System Programs and Resources* contact:** David Mitchem, Executive Director Missouri Training & Employment Council [david.mitchem@ded.mo.gov](mailto:david.mitchem@ded.mo.gov)